World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 51-85
Dec. 18, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

NOTE: There will be no issues of the Weekly Roundup of World Production and Trade on December 25 and January 1. The Roundup will resume on January 8.

GRAIN AND FEED

Exports of U.S. corn and barley in 1985/86 could encounter stronger competition from CANADA because of larger-than-expected supplies of Canadian wheat and barley. The 1985/86 Canadian export estimates for wheat and barley were raised by 1.0 and 0.5 million metric tons, respectively, as a result of late-season adjustments in the supply estimate by the Canadian government. Canada is forecast to export 17.5 million tons of wheat (including large quantities of feed wheat) and 4.5 million tons of barley, compared with 19.4 million and 2.5 million tons, respectively, in 1984/85.

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CANADA recently announced that it would sign a new long-term grain agreement with the Soviet Union covering purchases of both wheat and feed grains. The agreement, which will be signed in Moscow in 1986, calls for a minimum purchase of 25.0 million tons of grain over the five-year period beginning Aug. 1, 1986. Unlike the current agreement, which also calls for imports of 25 million tons over a five-year period, the new one does not call for minimum yearly purchases. When the present agreement expires on July 31, 1986, the Soviets will have taken over 36 million tons of Canadian grain, comprising annual imports of between 5.0 and 7.0 million tons of wheat and 0.3 to 2.3 million tons of barley.

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U.S. wheat exporters could face less competition from high-quality ARGENTINE wheat because of heavy mid-November rains and flooding in major growing areas that caused substantial damage and losses to wheat. With stocks already at extremely low levels, the Argentine wheat export forecast for 1985/86 was reduced to 6.8 million tons, compared with 7.6 million tons in 1984/85. In addition to loss of supply, the rains are likely to have an adverse affect on quality, adding to already large global availabilities of feed-quality wheat and increasing competition for exports of U.S. coarse grains. Argentina mainly produces a hard wheat and has averaged about 8.2 million tons of annual wheat exports over the past three years.

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Heavy November rains and flooding in ARGENTINA have reduced corn plantings and are expected to result in a shift to sorghum and soybeans. Consequently, the Argentine corn export forecast for 1985/86 (October/September) was lowered 400,000 tons to 9.0 million tons, while the sorghum export estimate was increased 500,000 tons to 2.8 million tons. Argentine exports of corn and sorghum in 1984/85 were 7.0 million and 3.4 million tons, respectively.

OILSEEDS AND PRODUCTS

On December 11, BRAZIL exempted all sales of corn, rice, dry edible beans, soybean oil, powdered milk and beef from a value-added tax until June 1986. The suspension is probably an attempt by the government to draw commodities into the marketplace. It is also another indication of the severity of the drought in Brazil's major producing states, which could lead to greater imports of affected commodities. USDA forecasts Brazilian 1985/86 (October-September) soybean oil imports at 150,000 tons.

DAIRY, LIVESTOCK AND POULTRY

In CHINA, rising feed costs are reportedly affecting large state owned dairy farms adversely, according to the U.S. agricultural counselor in Beijing. One impact of these higher costs is expected to be an acceleration in the shift to smaller, privately owned dairy operations. More efficient management reportedly enables privately owned farms to achieve per cow profit margins 50 percent higher than those of state farms. Some Chinese officials recommend that state dairy farms focus more on breeding and research rather than on production per se. Despite the difficulties state farms are experiencing, continued expansion by private farms is expected to push milk production to new highs and to maintain demand for imported dairy cattle.

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AUSTRALIA's beef production for 1985 is projected at 1.27 million tons, down about 5 percent from earlier projections, but up slightly from 1984, according the U.S. agricultural counselor in Canberra. Good pastures have encouraged producers to delay marketings. As a result, 1986 production is expected to be above earlier USDA projections. Cattle numbers are expected to increase about 1 million head this year because of a 10-percent larger calf crop due both to increased cow numbers and an improved calving rate.

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CHINA's beef and sheep meat production is reported to be expanding, according to the U.S. agricultural counselor in Beijing. In the first half of 1985, beef cattle and sheep sales to the state were up over 60 and 20 percent, respectively, from the same period last year. Higher producer returns, good pastures and increased individual responsibility for farm management have contributed to the current expansion.

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Beef production is projected to be up 51 percent this year to 550,000 tons and remain at this level in 1986. Sheep and goat meat production is expected to expand 14 percent this year to 622,000 tons; however, some of this expansion may be due to heavier-than-normal herd culling.

COTTON

With cotton exports at a virtual standstill, TURKEY reduced the cotton export tax rate from 10 cents for Aegean/Antalya and 5 cents for Cukurova to less than 0.1 cent per kilogram in November. This effort is aimed at encouraging cotton exports. However, given early December domestic prices, unless further devaluation of the Turkish lira takes place, cotton would still be sold in international markets at a loss.

COFFEE

Coffee trees in BRAZIL's major producing states derived only limited benefit from November rains, according to the U.S. agricultural officer in Rio de Janeiro. Rainfall in early November in the major coffee growing areas provided temporary relief to prolonged dry conditions. Rains occurred again in late November in the northern portion of Brazil's coffee regions when 2-4 inches of rain fell in the eastern portions of southern Minas Gerais. Lighter rain provided only limited topsoil moisture in western Sao Paulo during the week ending November 30. Showers during early December in Minas Gerais improved soil moisture, but only scattered showers fell in the parched crop areas of Sao Paulo.

Coffee tree conditions in affected areas have not improved since an assessment was made by the agricultural counselor's office in early November (see WR-06-85). Late flowerings are expected to produce only limited cherry settings in the drought-affected regions. Field travel to assess conditions of the 1986/87 crop is planned for mid-January 1986.

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WORLD FOOD PRICES

FAS Survey of Average Retail Food Prices in Selected World Capitals, November 1985
(In U.S. dollars per kg or units as indicated, converted at current exchange rates)

Item	Bern	Bonn	Bras-ilia	Buenos Aires	Can-berra	London	Madrid	Mexico City
Steak, sirloin, boneless..	22.40	8.32	3.18	1.65	5.13	11.39	6.90	2.42
Roast, pork, boneless.....	8.44	3.95	3.36	2.91	3.36	3.90	5.35	2.76
Broilers, whole...........	2.61	1.79	1.00	1.22	2.33	2.38	2.38	1.21
Eggs, large,dozen.........	2.81	.91	.43	.54	1.29	1.52	.93	.50
Butter....................	7.87	3.28	2.51	2.94	2.44	2.82	6.10	2.13
Cheese,Cheddar,Emmenthaler	7.92	5.28	2.72	5.00	3.53	3.44	6.40	6.40
Milk, whole, liter........	.75	.42	.24	.36	.44	.53	.42	.19
Oil, cooking, liter.......	2.74	1.12	.68	1.65	1.83	1.52	1.56	.69
Potatoes..................	.58	.21	.32	.30	.40	.33	.14	.17
Apples....................	1.31	.86	1.30	.91	.69	1.03	.45	.70
Oranges...................	1.19	.97	.21	.60	.83	1.44	.61	.10
Flour.....................	.96	.51	.24	.22	.68	.37	.49	.32
Rice......................	1.52	1.22	2.83	1.10	.71	1.20	1.13	.28
Sugar.....................	.66	.74	1.87	.47	.49	.66	.64	.15
Coffee....................	9.51	9.14	3.97	7.25	8.07	8.51	6.02	1.91
Total....................	71.27	38.72	24.86	27.12	32.22	41.04	39.52	19.93
(Total May. 1985).........	60.84	32.42	17.29	27.20	36.44	34.78	35.76	36.76

Bonn: Steak, sirloin, bone-in.

Item	Ottawa	Paris	Pre-toria	Rome	Seoul	Stock-holm	Tokyo	Wash. Metro
Steak, sirloin, boneless..	5.88	9.47	2.87	8.19	7.62	15.14	30.45	8.80
Roast, pork, boneless.....	4.62	5.24	2.43	4.97	4.18	16.24	7.93	4.67
Broilers, whole...........	1.58	3.76	.81	3.18	2.00	4.92	3.85	1.78
Eggs, large, dozen........	.94	1.07	.53	.93	1.10	1.98	1.51	1.06
Butter....................	4.11	3.66	2.03	3.48	4.58	4.22	7.88	5.07
Cheese,Cheddar,Emmenthaler	6.87	6.29	2.48	5.92	9.61	6.80	5.91	6.28
Milk, whole, liter........	.85	.55	.31	.59	.90	.55	.94	.50
Oil, cooking, liter	1.52	1.96	1.41	1.09	1.46	5.35	1.96	2.78
Potatoes..................	.14	.50	.29	.28	.43	.55	1.19	.64
Apples....................	1.58	1.00	.81	.85	1.21	1.66	1.77	1.41
Oranges...................	1.42	1.04	.49	1.02	1.01/1	1.41	1.44	1.39
Flour.....................	1.15	.78	.39	.36	.31	.81	.86	.57
Rice......................	1.88	1.56	.67	1.12	1.04	2.05	1.82	1.01
Sugar.....................	.33	.78	.39	.73	.78	.92	1.30	1.04
Coffee....................	6.12	7.23	7.41	7.84	12.56	7.67	16.68	7.52
Total....................	38.99	44.89	23.32	40.55	48.79/2	70.27	85.49	44.52
(Total May. 1985).........	40.22	36.77	25.85	35.73	37.69/3	60.64	74.00	44.89

Note: One kilogram = 2.2046 pounds; one liter = 1.0567 quarts.
1/ Tangerines, medium-quality. 2/ Orange price excluded. 3/ Orange and cheese prices excluded.

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The items contained in this survey reflect purchases more typical of U.S. consumers than those of other capitals. Differences in quality, packing and seasonal variation in supply also tend to affect any strict comparison between such prices. The retail prices quoted in this survey were derived by averaging retail prices for each commodity taken from randomly sampled supermarkets within each capital's metropolitan area.

Variation in prices among the cities surveyed may be explained by a variety of factors, among which are supply/demand differences; controls and other means of interference with some prices; the self-sufficient nature of some capitals (e.g. sirloin prices in Brasilia and Buenos Aires and coffee prices in Brasilia); and the quality, packaging, etc. differences alluded to above.

The total price figure, which aids in defining the general level of prices for a given city, was higher or stayed relatively constant for all reporting capitals with the exception of Canberra, Mexico City, Ottawa and Pretoria. Washington D.C.'s price figure showed some decrease from May's survey, but should be interpreted as remaining constant. Increases in dollar-denominated food prices since the May 1985 survey primarily reflect an appreciation in local currency rates vis-a-vis the U.S. dollar.

SCHEDULE OF ESTIMATE RELEASES--1986

Release dates in 1986 for world production estimates for selected commodities through the Weekly Roundup of World Production and Trade are as follows:

January	23	Southern Hemisphere Deciduous Fruit and Grape Production
February	20	World Cocoa Production
March	12	World Livestock Numbers and Red Meat Production
	12	World Poultry and Egg Production
April	23	World Pineapple Production
May	7	Southern Hemisphere Dried Fruit Production
	7	World Sugar Production
	21	World Dairy Production
June	4	World Tobacco Production
	18	World Coffee Production
	25	Southern Hemisphere Citrus Production
July		No reports scheduled
August		No reports scheduled
September	10	World Honey Production
	10	World Livestock Numbers and Red Meat Production
	10	World Poultry and Egg Production
	17	World Almond and Filbert Production

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October	1	Northern Hemisphere Deciduous Fruit and Grape Production
	16	World Cocoa Production
	22	World Sugar Production
	22	World Walnut and Pistachio Production
November	13	Northern Hemisphere Dried Fruit Production
	20	World Dairy Production
December	3	Northern Hemisphere Citrus Production
	3	World Tobacco Production
	10	World Coffee Production

In 1986, summaries of world grain, oilseed and cotton production will be released in the monthly FAS circular, World Crop Production. World Crop Production and other FAS circulars may be subscribed to by contacting:

Information Division
Room 4644 South Building
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Release dates for the World Crop Production reports are as follows:

January	13	May	12	September	12
February	11	June	11	October	14
March	11	July	14	November	12
April	11	August	13	December	11

Selected International Prices

Item	Dec. 17, 1985		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	190.50
U.S. No. 2 DNS/NS: 14%....	181.00	4.92	+.50	181.50
U.S. No. 2 S.R.W.	159.00	4.33	+2.00	157.00
U.S. No. 3 H.A.D..........	173.00	4.71	0	202.00
Canadian No. 1 A: Durum...	N.Q.	--	--	207.50
Feed grains:				
U.S. No. 3 Yellow Corn....	122.75	3.12	+.25	129.00
Soybeans and meal:				
U.S. No. 2 Yellow........	216.80	5.90	+3.20	241.50
Brazil 47/48% SoyaPellets	195.00	--	-4.00	181.50
U.S. 44% Soybean Meal....	176.00	--	-4.00	164.00
U.S. FARM PRICES 3/				
Wheat....................	114.63	3.12	-.37	123.08
Barley...................	74.87	1.63	--	73.49
Corn.....................	89.37	2.27	--	97.64
Sorghum..................	81.79	3.71 2/	+2.87	90.83
Broilers.................	1075.61	--	-39.24	1093.70
EC IMPORT LEVIES				
Wheat 5/.................	110.80	3.02	-2.75	47.65
Barley...................	114.00	2.48	-.30	53.65
Corn.....................	91.45	2.32	-.95	51.35
Sorghum..................	101.55	2.58	-.55	57.05
Broilers 4/ 6/ 8/.........	241.00	--	0	159.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	167.15	4.55	-.20	140.95
Bread wheat (min. quality)	178.05	4.84	-.25	150.15
Barley and all other feed grains.......	167.15	--	-.20	140.95
Broilers 4/ 6/............	1258.00	--	-1.00	1072.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	N.A.
Barley....................	72.50	1.57	-2.85	28.20
Broilers 4/ 6/ 8/.........	156.00	--	-1.00	94.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. N.A.=None authorized. N.Q.=Not quoted. Note: Basis January delivery.

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